

# State of South Dakota

SEVENTY-THIRD SESSION  
LEGISLATIVE ASSEMBLY, 1998

345B0366

## HOUSE BILL NO. 1175

Introduced by: Representatives McNenny, Cerny, Chicoine, Cutler, Gabriel, Jaspers,  
Kazmerzak, Koskan, and Pummel and Senators Benson, Flowers, Frederick,  
Kleven, Kloucek, and Lange

1 FOR AN ACT ENTITLED, An Act to provide for the reasonable compensation for warranty  
2 services performed by dealers selling agricultural and industrial equipment.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. Every manufacturer of agricultural or industrial equipment shall properly fulfill any  
5 warranty agreement adequately and fairly compensate, as provided in section 2 of this Act, each  
6 of its dealers for labor, parts, and transportation of equipment. The manufacturer shall pay all  
7 claims made by a dealer for such labor, parts, and transportation of equipment within thirty days  
8 following their approval. The manufacturer shall either approve or disapprove the claim within  
9 thirty days after its receipt. If a claim is disapproved, the dealer who submitted it shall be notified  
10 in writing of its disapproval within the thirty-day period. Any claim rejected for technical reasons  
11 may be put into proper form by the dealer and resubmitted by the dealer within thirty days. Any  
12 claim not specifically disapproved in writing within thirty days after the receipt of the claim is  
13 deemed to be approved and payment shall be made within thirty days. The manufacturer may  
14 audit the claims for one year after payment and may charge back to the dealer the amount of any  
15 false or fraudulent claim.

1       Section 2. The schedule of compensation for warranty work governed by section 1 of this  
2   Act shall include reasonable compensation for diagnostic work, as well as repair service, parts,  
3   labor, and transportation of equipment for warranty repairs. Reimbursement for transportation  
4   of equipment to the dealership for needed warranty repairs and the return of the equipment is at  
5   the dealership's retail rate if the customer is within the dealer's designated area of responsibility.  
6   Time allowances for diagnosis and performance of warranty work and service shall be adequate  
7   for the work to be performed. The hourly labor rate paid the dealer for warranty services may  
8   not be less than the rate charged by the dealer for like services to nonwarranty customers for  
9   nonwarranty service. Reimbursement for parts used in the performance of warranty repair may  
10   not be less than the amount paid by the dealer to acquire the parts plus a reasonable allowance  
11   for handling, which may not be less than thirty percent.